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C O N F I D E N T I A L SECTION 01 OF 03 ATHENS 000716

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SUBJECT: SCENESETTER FOR PDAS VOLKER'S VISIT TO GREECE

Classified By: AMBASSADOR CHARLES RIES. REASON: 1.4 (B) AND (D).

¶1. (C) SUMMARY: Kurt: Welcome to Athens! Your expertise on NATO/EU issues will send an important message to GOG officials: that we see Greece as a productive partner on such key issues as Afghanistan, Kosovo, Balkans development, and a stable Middle East. Greece's reflexive anti-Americanism makes it NATO-skeptic, and public wariness can have political impact (as the recent dust-up over NATO exercises in the Aegean showed). While we have worked well with the center-right New Democracy government since it took office in 2004, elections are due by March 2008 (and generally expected earlier). Pre-election campaigning is increasing, making it harder for the GOG to tackle the tough stuff: lifting Afghanistan troop caveats, showing flexibility on Kosovo, and sticking to its 1995 agreement regarding Macedonia's entry into Euro-Atlantic institutions. Unlike some other EU countries, Greek focus on the environment is minimal, and viewed largely in terms of its potential contribution to alternative energy production. For both the GOG and the public, the key bilateral issue is Greece's participation in the Visa Waiver Program. In your meetings, you can expect GOG officials to make their best case; you can help by clarifying the bureaucratic obstacles involved.

END SUMMARY.

STRENGTHENING NATO COOPERATION . . .

¶2. (C) There is no NATO ally whose public is as wary of NATO as here in Greece. The recent incident involving a cancelled exercise over the Aegean island of Agios Efstratios was interpreted here as an example of NATO neutrality tilting in Turkey's direction. Greek policymakers stated flatly that the public needed, "for once," to get NATO support on record. Greek NATO-skepticism impacts heavily on what the GOG is willing to contribute to Alliance initiatives. In Afghanistan, Greece has ponied up an engineering and a medical unit -- but with caveats on the ability of these troops to operate outside of Kabul. At the NATO Council in late January, Greece pledged an additional 500,000 Euros to assist the Hungarian-led PRT, but expects to offer only a couple of civilian personnel (if that).

¶3. (C) Greece's commitment to NATO transformation goals is hampered by its overwhelming focus on the perceived territorial threat from Turkey. That threat remains the guiding principle for Greek arms procurements, troop levels, and commitments to international peacekeeping efforts. The GOG has already indicated that it has about reached its contribution limit. And Greek wariness of fellow ally Turkey surfaced again during our negotiations over the transfer of unused CFE entitlements, though the result was ultimately positive.

WHILE ADVANCING PROGRESS ON REGIONAL ISSUES: KOSOVO . . .

¶4. (C) Greece is a major investor in the Balkans, and

stability there is a key concern. On Kosovo, they are anxious about an early status settlement, they say before a Serbian government is formally in place, but we suspect the MFA seeks delay for its own sake. Greeks also talk in favor of further changes to the Ahtisaari plan protect the Kosovar Serbian population and its cultural heritage -- which they say they hope would make the settlement more acceptable to the GOS. We expect they are making these points firmly in EU consultations. However, they have told us they will align themselves with eventual EU consensus. We have underscored that stability in Kosovo and the region is more threatened by the absence of a settlement than it is by Ahtisaari's proposals. And some businessmen seem to have grasped the opportunity; we understand that the MFA soon may sponsor a visit to Pristina by potential Greek investors.

. . . MACEDONIA . . .

15. (C) Such investment has made Greece the biggest foreign investor in neighboring Macedonia, despite their bilateral dispute over the country's name. GOG officials have recently begun to qualify their stated adherence to the 1995 Interim Agreement allowing Macedonia to join NATO/EU as FYROM; they now emphasize possible objections from the Greek Parliament to ratification for Macedonia's membership under the name of FYROM. Some GOG officials, including PM advisor Bitsios and Deputy FM Valinakis, have suggested postponing Macedonia's NATO entry until the name issue is resolved. The atmosphere has not been helped by provocative moves by the Macedonians, such as re-naming Skopje Airport as "Alexander the Great." All in all, progress on the name issue will be next to impossible in this Greek election year, and if the election takes place in October, it would leave little time for resolution before NATO's Summit in April 2008. We have

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pointed out that for us Macedonia's membership depends on its ability to meet NATO criteria -- and not on its bilateral agenda with Greece. At the same time, we support resolution of this issue via the existing UN mediation process.

. . . TURKEY

16. (C) The Karamanlis government has steadfastly supported Turkey's EU candidacy. That policy, at least, has bipartisan support from PASOK, which originated it. December's GAC barely kept Turkey's candidacy on track despite the failure of the Finns to find a compromise on the trade issue. With pre-election posturing rising in Turkey, Greece, and Cyprus, the Turks are suddenly walking away from the UN's "July 8" Cyprus process and the Greeks expect more trouble in the Aegean. The GOG will be under the usual pressure to support Cyprus, particularly over oil drilling leases. Cyprus is a "third rail" which has burned many a politician here, and with New Democracy down in the polls, Karamanlis will be loathe to risk electrocution.

ENVIRONMENT/ENERGY

17. (C) Greek "green awareness" is relatively low. It surfaces periodically, as during recent debate over the lack of landfill for local garbage or opposition to GMO's in the countryside. However, many see the potential for this country to develop "clean energy" alternatives, such as solar and wind power. This is a natural area for development, particularly for energy-starved islands and agricultural areas. U.S. investors are interested in getting involved, provided there is a decent regulatory environment and they get a fair shake from an otherwise oligopolistic business structure. Emphasizing the U.S. record on clean air and the environment can help counter the erroneous belief that U.S. abstention from Kyoto means the U.S. is pro-pollution.

18. (C) We continue to stress the importance of energy diversity with the GOG. During his recent visit, DAS Bryza focused on GOG concerns as to whether Azerbaijan is fully

committed -- and able -- to supply the natural gas interconnector currently under construction with Turkey and slated to run through Greece to Italy (TGI). GOG nervousness is understandable; it relies on Russia for its own (admittedly now small) natural gas needs in the short-medium term. Russia is also their partner (with Bulgaria) in the Burgas-Alexandroupoli pipeline venture. The GOG will look for reassurance that we appreciate their commitment to energy diversification, as well as a commitment from us to press the Azeris to come through.

GEORGIA

19. (C) The small Greek minority in Georgia means the situation there receives more attention by the GOG than it otherwise would. Recently, however, Greece blocked agreement in the PSC to expand the EU Special Representative's mandate as well as other initiatives. They also opposed the Special Representative's recent recommendations. Some of this may be directly attributed to domestic politics (balancing, in advance of a Putin visit, a perceived pro-U.S. stance on missile defense). However, the GOG is also likely concerned about setting precedents that could be applied on Cyprus. In your discussions with MFA officials, it would be useful to stress the importance of keeping the international community united, particularly given the GOG interest in stability there.

FOR GREEKS, THE ISSUE IS VWP

18. (C) For Greece, their major bilateral objective is securing participation in the Visa Waiver Program. Greece is the only one of the original EU 15 not participating in VWP. The Attorney General approved Greece for inclusion in May 1999, subject to Greece's completing reforms of its passport security and accountability procedures. However, Greece failed to meet the passport deadline and no new countries have been admitted since 9/11. In December and January, State and DHS took the first steps to evaluate Greece's candidacy, but DHS has since pulled back. Greece fully meets the "economic/immigration" criteria, with low visa refusal and overstay rates. During her recent visit to Washington, FM Bakoyannis placed this at the top of her "to do" list. We are quietly trying to temper their expectations, particularly on timing, but if we were able to move on VWP, it would help a lot in moving Greece on our own agenda items.

19. (C) The January 12 RPG attack on the Embassy demonstrated that Greece still has to work -- hard -- on countering domestic terrorism. While the GOG's immediate response was immediate and cooperation has been excellent, there is no arrest (or prosecution) in sight. We continue to reiterate the importance of demonstrable progress to all GOG

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officials, and hope you will do the same.
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